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CANTERRA SEEDS
Q1 REPORT



Seed the Difference.™

MANAGEMENT'S **DISCUSSION** and **ANALYSIS REPORT**



Management's Discussion and Analysis Report

REPORT FOR THE THREE MONTHS ENDED DECEMBER 31, 2021

CANTERRA SEEDS HOLDINGS LTD. (the Company) is a recognized leader in the pedigreed seed industry. Headquartered at 201-1475 Chevrier Boulevard in Winnipeg, Manitoba, the Company is committed to delivering high quality seed to its customers throughout Western Canada. The consolidated financial statements of the Company that follow are for the three months ended December 31, 2021.

CANTERRA SEEDS reports a net loss for the three months ended December 31, 2021, of \$1,598,501. This compares to the December 31, 2020, results where the Company recorded a net loss of \$1,500,142 for the same three-month period.

1. INTRODUCTION

The following Management's Discussion and Analysis (MD&A) provides information which is supplementary to the CANTERRA SEEDS HOLDINGS LTD. results of operations and financial position. The MD&A should be read in conjunction with the unaudited interim condensed consolidated financial statements and notes to the financial statements for the three-month period ending December 31, 2021. The financial data in this report and in the financial statements have been prepared in accordance with International Accounting Standard (IAS) 34 Interim Financial Reporting as issued by the International Accounting Standards Board (IASB).

All amounts reported both in the MD&A and in the consolidated financial statements are in Canadian currency and the consolidated financial statements were authorized for issue by the Company's Audit Committee and Board of Directors on February 17, 2022.

2. FORWARD-LOOKING INFORMATION

Certain statements in this MD&A may constitute forward-looking statements. These forward-looking statements can generally be identified with statements that include the phrases such as "believe," "expect," "anticipate," "intend," "plan," "likely," "will" or similar words or phrases. Similarly, statements that describe the Company's objectives, plans or goals are, or may be, forward-looking statements. These forward-looking statements are based on the Company's current expectations and its projections about future events. However, whether actual results and developments will conform to the Company's expectations and projections is subject to several risks and uncertainties. These include, among other things, the risks and uncertainties associated with seed production, product performance, competition, poor weather, commodity prices, credit, and foreign exchange risk.

These are not necessarily all the important factors that could cause actual results to differ materially from those expressed in any of the Company's forward-looking statements. Other known and unpredictable factors could also harm results. Consequently, there can be no assurance that the actual results or developments anticipated by the Company will be realized or, even if substantially realized, that they will have the expected consequences to, or effects on, the Company.

3. RESULTS OF OPERATIONS – THREE MONTHS ENDED DECEMBER 31

SALES AND GROSS PROFIT

CANTERRA SEEDS records revenue on the sale of canola, corn, and soybean seed when the product is shipped and delivered to the Company's seed retailers. While these products are ordered and delivered at various times between the months of October to May, the product will not be planted until spring, with seeding occurring mainly in April and May. When deliveries take place and when, therefore, revenue is recorded for canola, corn and soybeans is dependent on many factors, both internal and external to CANTERRA SEEDS. These include the availability of warehouse space, seed treating capacity, trucking for deliveries, timing of quality testing and of course, when the customer (both the farmer and retailer) wants the product delivered to their operation. The only product shipped during the first quarter of the 2020/21 fiscal year was a small amount of corn. For the 2021/22 fiscal year there was no corn shipped but there was a small amount of canola that was shipped to the customers.

Besides the early deliveries of canola, corn and soybeans, the only other component of sales from October 1 to December 31 is the recording of royalties relating to winter seeded cereal crops. These sales have increased marginally from the prior year. Overall, the market and environmental conditions are still not overly conducive for winter wheat seeding. In general, producers do not feel that the potential additional yield potential from these varieties justifies seeding winter wheat. In general, they would prefer to closely watch the commodity markets and plant what they feel will be the most profitable alternative in the spring. CANTERRA SEEDS did not introduce any new winter wheat varieties to the market in either 2020 or 2021.

In total, CANTERRA SEEDS sales reduced by \$93 thousand from \$569 thousand in 2020 to \$476 thousand in 2021.

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REPORT FOR THE THREE MONTHS ENDED DECEMBER 31, 2021

An increase in the gross profit percentage for these sales from 7.4% in 2020/21 to 15.3% in 2021/22 has caused the Company's gross profit to increase by \$31 thousand from a total of \$42 thousand for the three months ended December 31, 2020, to \$73 thousand for the three months ended December 31, 2021. The mix of sales has caused the increase in gross profit percentage. Since CANTERRA SEEDS has its own brand of canola, along with all of the risks and additional operating expenses that come with this, a higher margin is generally recorded on these sales as compared to corn where CANTERRA SEEDS is a distributor of PRIDE Seeds corn products in Western Canada.

OTHER REVENUE

The other revenue increased by \$2 thousand, from \$62 thousand to \$64 thousand during the quarter.

OPERATING, GENERAL AND ADMINISTRATIVE EXPENSES

These expenses have increased by \$146 thousand or 20.4%, from \$715 thousand for the three months ended December 31, 2020, to \$861 thousand for the three months ended December 31, 2021. There are three main reasons for this increase. Firstly, the timing of some advertising and promotion expenses changed between years. Secondly, while the COVID-19 effect was still substantial some loosening in restrictions allowed some additional travel, meetings, and some marketing costs. Thirdly, CANTERRA SEEDS had more full-time staff working during the current quarter which also increased travel expenses.

LOSS FROM JOINT VENTURES

This amount relates to CANTERRA SEEDS' 50% joint venture in Meridian Seeds, along with the 30% joint venture in Limagrain Cereals Research Canada (LCRC). For Meridian Seeds, this quarter generates little revenue. As with the pedigreed seed side of the CANTERRA SEEDS business, if Meridian Seeds has any substantial revenue during this quarter it generally comes from the recording of royalties for winter seeded cereals. While Meridian Seeds did record some revenue on these royalties, as with Western Canada, winter wheat acreage is not significant in the areas where it has winter wheat products to sell to farmers. Meridian Seeds has been able to reduce its operating expenses which overall has reduced the net loss recorded for this quarter.

The Limagrain Cereals Research Canada joint venture is operating at full capacity and with increased efficiencies has been able to reduce their overall operating expenses while keeping their projects and staffing fully in place. In addition, LCRC continues to increase its revenues as the number of registered varieties out of this initiative increases.

Overall, the loss from the two joint ventures reduced by \$66 thousand, from \$301 thousand for the three-month period ending December 31, 2020, to \$235 thousand for the same three-month period ending December 31, 2021.

DEPRECIATION AND AMORTIZATION

There has been no change in this expense. For both the 2020/21 and 2021/22 fiscal year the total depreciation and amortization costs total to \$148 thousand.

SALARIES, WAGES & BENEFITS

Has increased by \$112 thousand from \$833 thousand for the three-month period ended December 31, 2020, to \$945 thousand for the three-month period ended December 31, 2021, an increase of 13.4%. This increase is mainly because the Company increased its sales staff by two members from the prior year. CANTERRA SEEDS decided to put more sales focus in Saskatchewan. A new canola/corn position was added in East Central Saskatchewan, and after a hiatus of three years a new Pedigreed Seed Territory Sales Manager was hired to work with the province's seed growers.

INTEREST

The Company leased their office in Winnipeg for an additional five years. This increased lease liability caused the interest to increase by \$9 thousand from \$4 thousand during the quarter ended December 31, 2020, to \$13 thousand during the quarter ended December 31, 2021.

QUARTERLY FINANCIAL BREAKDOWN

CANTERRA SEEDS principal business is the distribution and sale of seed for the main field crops grown in Western Canada including canola, corn and soybeans which occurs from October until May. Delivery of these sales generally takes place from December until May, as farmers prefer to defer delivery until a date closer to their time of seeding. Most of the deliveries and sales take place in the months of February to April (Q2 & Q3). The October to December quarter consists mainly of the recording of royalties for fall seeded cereal varieties, along with some early delivered canola, corn and soybean sales.

Management’s Discussion and Analysis Report

REPORT FOR THE THREE MONTHS ENDED DECEMBER 31, 2021

4. SUMMARY OF QUARTERLY FINANCIAL INFORMATION – Restated

Selected Quarterly Financial Information Consolidated
(\$000s except per share amounts)

	2021/22 Q1	2020/21 Q4	2020/21 Q3	2020/21 Q2	2020/21 Q1	2019/20 Q4	2019/20 Q3	2019/20 Q2
Total revenue	476	2,634	9,428	25,287	569	2,834	8,308	20,419
Net income (loss)	(1,599)	(169)	83	1,980	(1,500)	240	(1)	1,688
Earnings (loss) per share (diluted)	(0.21)	(0.02)	0.01	0.26	(0.20)	0.04	(0.00)	0.22

CANTERRA SEEDS’ principal business is the distribution and sale of seed for the main field crops grown in Western Canada including canola and corn which occurs from October until May. Delivery of these sales generally takes place from December until May, as farmers prefer to defer delivery until a date closer to their time of seeding. Most of the deliveries and sales take place in the months of February to April (Q2 & Q3). The October to December quarter consists mainly of the recording of royalties for fall seeded cereal varieties, along with some early delivered canola, and corn sales. The financial quarter Q2, from January to March, is made up mainly of canola, and corn seed deliveries and sales, along with some early deliveries of pedigreed products. Q3 sales

consist of additional canola, and corn sales, along with the balance of the spring stock seed and registered and certified sales of CANTERRA SEEDS licensed seed. The quarter consisting of the months July to September (Q4) generally includes only royalties collected on sales of CANTERRA SEEDS licensed seed along with any adjustments on sales recorded during the previous three quarters.

If there are any provisions for inventory this generally occurs in Q4, the months of July through to September. This is when the stock is tested for germination and hybridity and a sales plan is finalized. The loss recorded in Q4 of 2020/21 was mainly due to such a provision.

5. LIQUIDITY AND CAPITAL RESOURCES

The Company’s cash and short-term investment position has increased by \$7.61 million for the three months ended December 31, 2021.

Cash provided by operating activities during the year provided \$8.08 million. The main increases are as follows:

- Deposits made by customers for purchases of CANTERRA SEEDS products for the 2021 crop year. This increases cash by \$16.11 million.
- Payments were received on outstanding Accounts Receivable adding \$3.71 million.

These were partially offset by some uses of cash as follows:

- The Company increased its inventory and prepaid expenses (mainly prepaid deposits for canola, corn and soybean inventory) by \$7.71 million in order to have canola, and corn products available for sale for the 2022 and 2023 crop years.

- CANTERRA SEEDS paid down outstanding Accounts Payable balances by a total of \$2.37 million.
- The loss recorded during the quarter and income tax payments and accruals used an additional \$1.67 million.

For financing activities, the Company paid down \$13 thousand of lease obligations during the quarter.

The cash used for investing activities was \$450 thousand. The main amount here was a loan to an affiliated company that wasn’t paid back until January of 2022. This caused a cash outflow of \$301 thousand. In addition, the Company had purchases of long-term assets totaling to \$150 thousand during the quarter.

6. OUTSTANDING SHARE DATA

Issued securities as of February 17, 2022 are as follows:

Issued	Book Value
7,551,147 Class A common shares	\$12,109,827
2,118,000 Class B series 1 shares	\$468,001

No new shares were sold out of treasury during the past 12 months.

Management's Discussion and Analysis Report

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7. FINANCIAL INSTRUMENTS

A very small portion of the Company's revenues and expenses are denominated in US dollars. The Company is therefore exposed to currency fluctuations on transactions in US dollars. Currency fluctuations may impact on the profitability of the Company, specifically for CANTERRA SEEDS who buys more US dollars than it would earn when the Canadian exchange rate is weaker compared to the US dollar it will work to reduce margins of the Company. This risk is managed, where practicable, with foreign exchange forward contracts to fix the exchange rates on future net foreign currency cash outflows along with fixed Canadian dollar priced contracts for untreated canola seed. The Company does not hold or issue derivative contracts for speculative purposes. As at December 31, 2021 CANTERRA SEEDS has no outstanding foreign currency forward contracts in place.

8. COVID-19

The effect and risk to CANTERRA SEEDS of this virus to its sales has been limited. Farmers continue to seed their crops as they do every year and CANTERRA SEEDS was able to manage its way through any delays caused by the pandemic to ensure product was manufactured and shipped in a timely manner.

The Company closed its head office to the public on Friday, March 13, 2020, and it continues to be closed to outside parties today. In addition, a significant number of staff continue to work from their home offices. The Company and its information systems work very well from remote access so overall the effect has been relatively minimal for operations.

While some restrictions relating to this pandemic have been eased, in comparison to the previous year it still in general has caused specific expenses like travel, meetings and some marketing expenses to reduce from "normal" expenditures. The Company has been able to work very well with its customers during this time using other communication methods.

Going forward, the biggest risk and/or opportunity is the uncertainty on how the economic and market demand effects of this virus will affect the commodity markets and seeding intentions in future years. In addition, the ability to receive and deliver products in a timely manner may also be a risk.

9. ASSETS HELD FOR SALE

In September of 2021, CANTERRA SEEDS began negotiations to sell its 50% interest in Meridian Seeds, LLC to the other partner, Meridian Ventures, LLC. This sale progresses and is anticipated to be completed during the next couple of months.

The main reason for this divestiture is that CANTERRA SEEDS wants to focus even more of its effort in expanding its presence in the western Canadian seed industry.

Meridian Seeds, LLC is expected to continue to grow and flourish as an entity and will be a key distribution partner for CANTERRA SEEDS varieties in the future.

10. OUTLOOK

The most effective way to analyze the seed sales at CANTERRA SEEDS is to break the business down into their three methods: (1) canola sales where CANTERRA SEEDS acts as the manufacturer and processor and sells the seed in a CANTERRA SEEDS branded bag, (2) the corn and soybean sales where CANTERRA SEEDS sells a PRIDE Seeds branded product to western Canadian retailers and (3) pedigreed seed sales where the products are owned and distributed by CANTERRA SEEDS seed grower shareholders and the Company collects a tech fee (royalty plus margin) for the grower's right to produce and sell these varieties which are under exclusive license from the breeder to CANTERRA SEEDS.

With canola, the Company will continue to focus on the critical success factors:

- The Company will continue to introduce "leading-edge" spring canola hybrids into the western Canadian and US markets. The Company partners with several of the top canola seed and trait developers in Western Canada. This ensures that only those hybrids that meet or exceed the market standard are introduced. CANTERRA SEEDS is selling hybrids that deliver the agronomic traits farmers expect and require such as clubroot and blackleg tolerance, shatter tolerance, Roundup Ready®, TruFlex™ canola, Clearfield® (Non-GMO) and beginning for the 2020/21 fiscal year LibertyLink® canola, with various ranges of maturity, that compete with the best in the market. The latest hybrid to enter CANTERRA SEEDS portfolio is CS3000 TF, a mid-maturing TruFlex™ canola hybrid with excellent yield potential, unique blackleg and second generation clubroot resistance.
- Secondly, the Company will continue to distribute products that are of impeccable quality. To this end, CANTERRA SEEDS has implemented a quality control policy that is of the highest standard in the industry. It ensures that the canola seed quality not only meets the standards set by the Canada Seeds Act but exceeds these standards and the competition in the market.

Management's Discussion and Analysis Report

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- Thirdly, there is always the risk of inventory obsolescence with all seed products. This could be due to a drop or decreased germination level, or the variety is no longer competitive in the market. The Company proactively manages the lifecycles of the specific hybrids and varieties as well as following its strict seed quality protocol that keeps these risks to a minimum.
- Finally, it is critical that the Company ensures its canola products are accessible to as many farmers as possible. CANTERRA SEEDS has worked diligently to continually improve the corporate brand and canola distribution footprint, ensuring CANTERRA SEEDS canola hybrids are easily accessible at a local retailer. The Company is now distributing its canola product directly with independent retailers across Western Canada. The Company also agreed to a partnership with Agro.Club Canada where customers can order its canola and corn inventory online. Overall, the goal is to make purchasing CANTERRA SEEDS products as simple as possible.

CANTERRA SEEDS is working to increase its market share in the western Canadian canola market. This improvement started in 2020 and continued in 2021. For 2022, sales orders for CANTERRA SEEDS canola are significantly higher than they were in either of the last two years so this bodes well for a continued increase in market share during the year.

For the corn and soybean business, CANTERRA SEEDS is the exclusive western Canadian distribution partner for the PRIDE Seeds brand of corn and soybeans. PRIDE Seeds is part of AgReliant, one of the top breeders and retailers of corn and soybean products in North America.

CANTERRA SEEDS anticipates that the acreage in Western Canada seeded to corn and soybeans will grow over the next few years. With the PRIDE Seeds brand of products, the market share and overall quantity of sales is anticipated to increase for corn and soybeans, due to the Company's focus of the following critical success factors of the business:

- PRIDE Seeds and AgReliant are committed to a solid pipeline of corn products to support the CANTERRA SEEDS portfolio of highly competitive genetics and traits developed specifically for the western Canadian market.

- CANTERRA SEEDS extensive seed distribution network ensures that these products are available to farmers throughout the Prairie provinces.

Due to market conditions corn is not anticipated to garner a significant amount of acreage in Western Canada in 2022. Having said that, it is anticipated that with current orders CANTERRA SEEDS will hold or increase its market share during the year.

For the pedigreed seed business, the Company will focus on the critical success factors of the business as follows:

- CANTERRA SEEDS will continue to access leading edge varieties by focusing on the following. Firstly, CANTERRA SEEDS has been very successful at acquiring high performing varieties from public breeding entities like Agriculture and Agri-Food Canada, the Crop Development Centre and the University of Alberta. Secondly, the Company is a 30% partner with Limagrain, one of the world's largest and most innovative field seed companies, in a cereals breeding venture named Limagrain Cereals Research Canada (LCRC). This entity registered its first wheat varieties including CS Daybreak and CS Accelerate which CANTERRA SEEDS has the rights to. Thirdly, CANTERRA SEEDS has arrangements with breeders throughout the world to test (using its internal field program) and register products in Western Canada. This has been very successful for the Company and currently its most successful pedigree product, CS Camden came from one of these partnerships.
- On the distribution side for pedigreed seed, CANTERRA SEEDS ensures that it partners with the premier seed growers in Western Canada. Currently, the Company has 190 seed growers throughout the Prairies that are growing and selling CANTERRA SEEDS licensed varieties. The Company will continue to add growers where needed and as required, to ensure that farmers throughout the region will have access to the highest quality CANTERRA SEEDS product available.

With the affiliated companies results as mentioned earlier, LCRC will continue to improve its earnings as it continues to register new varieties for the western Canadian market. LCRC

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is also part of the Variety Use Agreement (VUA) pilot project which will enable it to receive royalties on all acreage seeded with its varieties. These improvements in revenue will occur while operating expenses are kept quite stable. Over the next few years, it is anticipated that this loss on investment will reduce and will become income as LCRC continues to expand its market share.

For Meridian Seeds, as was mentioned earlier there is a plan for CANTERRA SEEDS to sell its ownership portion of this business effective on December 31, 2021. The effect that this divestiture will have on CANTERRA SEEDS' future financials is dependent on the results that business has. Meridian Seeds, LLC's success is currently quite dependent on a couple of key markets (chickpeas and pulses). The results of the Company have therefore related to the supply/demand in these crop types.

For net operating expenses, CANTERRA SEEDS is being as proactive as possible by limiting expenses in areas where possible. As always, the focus will be to ensure that all expenses will guarantee a successful return on investment. It is anticipated that as more and more people get vaccinated against the COVID-19 virus that things will return to somewhat normal with more trade shows, meetings, and travel. However, it is also anticipated that there will be a "different" business model in the seed industry which will likely bring less face-to-face meetings and less travel and therefore lower operating expenses.

11. ADVANCES TO RELATED AFFILIATES

There is currently an advance of \$308,642 that is owed by Meridian Seeds, LLC and \$18,846 that is owed by Limagrain Cereals Research Canada as at December 31, 2021. These amounts were repaid in January of 2022.

12. RESPONSIBILITIES, CONTROL AND POLICIES

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The consolidated financial statements, the MD&A and all other information in this interim report are the responsibility of Management and have been reviewed and approved by the Board of Directors.

Management, in accordance with International Financial Reporting Standards, has prepared the consolidated financial statements. The MD&A has been prepared in accordance with the requirements of securities regulators. The financial statements and MD&A include items that are based on best estimates and judgments of the expected effects of current events and transactions. Management has determined such

items on a reasonable basis to ensure that the financial statements and MD&A are presented fairly in all material respects.

The Board of Directors is responsible for ensuring that management fulfills its responsibilities for financial reporting, and is ultimately responsible for reviewing and approving the unaudited interim consolidated financial statements and MD&A. The Board of Directors carries out this responsibility principally through its Audit Committee.

The Audit Committee, appointed by the Board of Directors, is financially literate and is fully comprised of independent directors. The Audit Committee meets periodically with management to review the unaudited interim consolidated financial statements, the MD&A, auditing matters and financial reporting issues. The Audit Committee also discusses internal controls over the financial reporting process and ensures that each party is properly discharging its responsibilities. In addition, the Audit Committee has the duty to review the appropriateness of the accounting policies and significant estimates and judgments underlying the unaudited interim consolidated financial statements as presented by management. The Audit Committee also reviews and makes recommendations to the Board of Directors with respect to the fees of the external auditors. The Audit Committee reports its findings to the Board of Directors for its considerations when it approves the consolidated financial statements and MD&A for issuance to shareholders.

Meyers Norris Penny LLP, external auditors designated by the shareholders, meets annually with the Audit Committee to discuss audit activities, financial reporting matters and other related subjects.

This report and the unaudited interim consolidated financial statements were reviewed by the Company's Audit Committee and approved by the CANTERRA SEEDS Board of Directors on February 17, 2022.

Disclosure Controls

The Chief Executive Officer (CEO) and Chief Financial Officer (CFO) are responsible for establishing and maintaining disclosure controls and procedures for the Company. The disclosure controls and procedures have been conducted under the CEO's and CFO's supervision, to provide reasonable assurance that the material information relating to the Company is known to management in the period in which the interim filings are made.

INTERIM CONSOLIDATED FINANCIAL STATEMENTS



CANTERRA SEEDS Holdings Ltd.

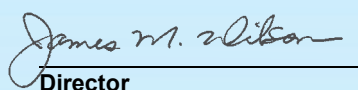
Consolidated Statement of Financial Position

For the three-month period ended December 31, 2021 and 2020

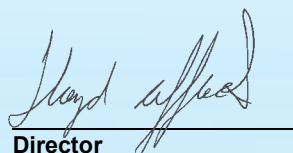
THESE FINANCIAL STATEMENTS ARE UNAUDITED AND WERE NOT REVIEWED BY AN AUDITOR

	December 31 2021 Unaudited	December 31 2020 Unaudited	September 30 2021 Audited
	\$	\$	\$
Assets			
Current			
Cash	11,922,948	11,142,301	4,308,263
Accounts receivable	1,088,897	2,222,291	4,799,156
Income taxes receivable	467,145	473,470	-
Inventory (Note 5)	10,431,644	8,791,437	5,412,043
Prepaid expenses and deposits	6,850,772	7,030,355	4,162,180
	30,761,406	29,659,854	18,681,642
Assets held for sale	423,018	-	528,021
	31,184,424	29,659,854	19,209,663
Property and equipment	579,936	645,002	571,326
Intangible assets	443,359	521,184	452,857
Right-of-use assets	959,957	272,350	959,858
Deferred tax asset	634,076	812,252	639,199
Investment in joint venture (Note 9)	1,299,489	1,481,471	1,427,496
Long-term receivables	213,884	212,607	213,884
Advances to related company (Note 6)	327,489	62,819	26,754
	35,642,614	33,667,539	23,501,037
Liabilities			
Current			
Accounts payable and accruals	6,052,548	1,343,824	8,419,441
Deferred revenue (Note 7)	16,138,073	19,854,624	31,261
Current Portion of Lease Obligations	293,779	196,073	272,879
	22,484,400	21,394,521	8,723,581
Lease Obligations	666,238	76,277	686,979
	23,150,638	21,470,798	9,410,560
Shareholders' Equity			
Share capital (Note 8)	12,577,828	12,577,828	12,577,828
Deficit	(104,575)	(399,810)	1,493,926
Contributed surplus	18,723	18,723	18,723
	12,491,976	12,196,741	14,090,477
Total Liabilities and Equity	35,642,614	33,667,539	23,501,037

APPROVED ON BEHALF OF THE BOARD



Director



Director

The accompanying notes are an integral part of these financial statements

CANTERRA SEEDS Holdings Ltd.

Consolidated Statements of Comprehensive Income

For the three-month period ended December 31, 2021 and 2020

THESE FINANCIAL STATEMENTS ARE UNAUDITED AND WERE NOT REVIEWED BY AN AUDITOR

	<i>Three months ended</i>	
	2021	2020
	Unaudited	Unaudited
	\$	\$
Sales	475,623	568,597
Cost of sales	402,761	526,654
Gross profit	72,862	41,943
Other revenue <i>(Note 4)</i>	63,635	61,520
	136,497	103,463
Operating, general and administrative	861,435	715,238
Loss from joint venture	234,924	301,037
Depreciation	147,932	148,321
Salaries, wages and benefits	944,948	833,324
Interest	12,903	3,970
	2,202,142	2,001,890
Loss from operations before taxes	(2,065,645)	(1,898,427)
Income tax recovery	467,144	398,285
Loss and comprehensive loss	(1,598,501)	(1,500,142)
Loss per share		
Basic and fully diluted <i>(Note 10)</i>	(0.21)	(0.20)

The accompanying notes are an integral part of these financial statements

CANTERRA SEEDS Holdings Ltd.

Consolidated Statements of Cash Flows

For the three-month period ended December 31, 2021 and 2020

THESE FINANCIAL STATEMENTS ARE UNAUDITED AND WERE NOT REVIEWED BY AN AUDITOR

	2021 <i>Unaudited</i>	2020 <i>Unaudited</i>
	\$	\$
Cash provided by (used for) the following activities		
Operating activities		
Net loss	(1,598,501)	(1,500,142)
Depreciation of plant and equipment	31,022	35,673
Depreciation of intangible assets	29,498	28,998
Depreciation of right-of-use assets	87,412	83,650
Interest Expense	12,903	3,970
Loss from joint venture	234,924	301,037
Income tax recovery accrual	(467,144)	(398,285)
	(1,669,886)	(1,445,099)
Changes in working capital accounts		
Accounts receivable	3,710,259	2,966,913
Inventory	(5,019,601)	(2,645,034)
Prepaid expenses and deposits	(2,688,592)	(4,599,032)
Accounts payable and accruals	(2,366,893)	(6,548,955)
Deferred revenue	16,106,812	19,854,624
Income tax payable	5,122	7,905
	8,077,221	7,591,322
Financing activities		
Lease obligation repayments	(12,744)	(58,558)
	(12,744)	(58,558)
Investing activities		
Disposals (purchases) of property and equipment	(39,632)	3,066
Acquisition of intangible assets	(20,000)	(7,500)
Repayment from (loans to) affiliated companies	(300,735)	(55,981)
Contributions from (to) long-term equity investments	(1,914)	(23,535)
Disposal (purchase) of right-of-use assets	(87,511)	(29,062)
	(449,792)	(113,012)
Increase in cash resources	7,614,685	7,419,752
Cash and investments, beginning of period	4,308,263	3,722,549
Cash and investments, end of period	11,922,948	11,142,301

The accompanying notes are an integral part of these financial statements

CANTERRA SEEDS Holdings Ltd.

Consolidated Statements of Changes in Equity

For the three-month period ended December 31, 2021 and 2020

THESE FINANCIAL STATEMENTS ARE UNAUDITED AND WERE NOT REVIEWED BY AN AUDITOR

	Share capital	Contributed Surplus	Surplus (deficit)	Total
Balance, September 30, 2020	12,577,828	18,723	1,100,332	13,696,883
Comprehensive income	-		(1,500,142)	(1,500,142)
Balance, December 31, 2020	12,577,828	18,723	(399,810)	12,196,741
Balance, September 30, 2021	12,577,828	18,723	1,493,926	14,090,477
Comprehensive income	-	-	(1,598,501)	(1,598,501)
Balance, December 31, 2021	12,577,828	18,723	(104,575)	12,491,976

The accompanying notes are an integral part of these financial statements

CANTERRA SEEDS Holdings Ltd.

Consolidated Statements of Cash Flows

For the three-month period ended December 31, 2021 and 2020

THESE FINANCIAL STATEMENTS ARE UNAUDITED AND WERE NOT REVIEWED BY AN AUDITOR

1. Incorporation and operations

Entity information

Canterra Seeds Holdings Ltd. (the "Company") was incorporated under the laws of the Province of Saskatchewan on March 14, 1996. The head and registered office for the Company is located at 201 – 1475 Chevrier Blvd., Winnipeg, Manitoba, Canada R3T 1Y7. The Company purchases, produces, and distributes seed varieties and related technologies. Due to the seasonal nature of the agricultural industry seed sales generally occur during the months of October to June. This same seasonal nature significantly affects the statement of financial position on a quarterly basis as accounts receivable, inventory and accounts payable and accrued liabilities have significant swings depending on the canola, corn, and soybeans sales cycles.

The interim consolidated financial statements of the Company reflect the operations and financial position of the Company and its wholly owned subsidiaries: Canterra Seeds (2002) Ltd. (a Canadian corporation) and Canterra Seeds (USA) Ltd. (a US company), and its joint venture investment Meridian Seeds LLC (a US company), which is accounted for using the equity method.

2. Basis of presentation and continuing operations

Statement of compliance

The unaudited condensed consolidated interim financial statements (or "consolidated financial statements") of the Company as at December 31, 2021 have been prepared in accordance with the requirements of International Accounting Standard (IAS) 34, Interim Financial Reporting as issued by the International Accounting Standards Board (IASB). These condensed financial statements do not include all the information required for consolidated financial statements and use the accounting policies consistent with the annual audited consolidated financial statements for the year ended September 30, 2021.

These interim condensed consolidated financial statements for the three-month period ended December 31, 2021 and 2020 were recommended for approval by the Audit Committee and were approved and authorized for issue by the Board of Directors on February 17, 2022.

3. Significant accounting policies

Revenue recognition

The Company recognizes revenue and profits from the sale of seed when the seed has been shipped. Volume related royalty revenue is recognized in the period in which the sale is reported to the Company by the grower. Scientific Research and Experimental Development credits are recognized when the related expenses have been incurred. Deferred revenue is taken into income in the period in which it is earned. Contract services and program payments are recognized when earned.

Key accounting estimates and judgments

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Accounts receivable are stated after evaluation as to their collectability, and an appropriate allowance for doubtful accounts is provided where considered necessary. Provisions are made for slow moving and obsolete inventory. Amortization is based on the estimated useful lives of property and equipment. Scientific Research and Experimental Development tax credit claims are based on methodologies and assumptions applied by management in previous successful claims. Intangible assets consist of variety licenses and are depreciated over the life of the agreement. Management has evaluated using judgement long-term equity investments and determined if there is joint control and joint operations in place. Management has estimated that, while the terms of advances to related companies are not defined, the fair value approximates the carrying value due to the anticipated repayment dates of the advances. Management has estimated the Company's incremental borrowing rate for leases where the implicit rate cannot be determined.

These judgements, estimates and assumptions are reviewed periodically and, as adjustments become necessary, they are reported in earnings in the periods in which they become known.

CANTERRA SEEDS Holdings Ltd.

Consolidated Statements of Cash Flows

For the three-month period ended December 31, 2021 and 2020

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4. Other revenue

	<i>Three Months Ended</i>	
	<i>December 31 2021</i>	<i>December 31 2020</i>
	\$	\$
Interest and investment income	2,282	(1,254)
Other	52,353	44,711
Scientific research and experimental development tax refundable	9,000	18,063
	63,635	61,520

5. Inventory

	<i>December 31 2021</i>	<i>December 31 2020</i>	<i>September 30 2021</i>
	\$	\$	\$
Finished goods	1,425,197	2,079,625	2,589,883
Raw materials	9,006,447	6,711,812	2,822,160
	10,431,644	8,791,437	5,412,043

The cost of inventories recognized as an expense and included in cost of sales in 2021 amounted to \$197,839 (2020 – \$Nil).

6. Advances to related company

	<i>December 31 2021</i>	<i>December 31 2020</i>	<i>September 30 2021</i>
	\$	\$	\$
Meridian Seeds LLC	308,642	37,287	31,301
Limagrain Cereals Research Canada	18,847	25,532	(4,547)
	327,489	62,819	26,754

Advances to related company are unsecured, non-interest bearing and have no fixed terms of repayment. Meridian Seeds, LLC, a US Limited Liability Corporation is a 50% joint venture interest and Limagrain Cereals Research Canada a Canadian partnership is a 30% joint venture interest

7. Deferred revenue

Deferred revenue is comprised of deposits received from customers for which the related product has not been shipped at December 31, 2021 or December 31, 2020.

CANTERRA SEEDS Holdings Ltd.

Consolidated Statements of Cash Flows

For the three-month period ended December 31, 2021 and 2020

THESE FINANCIAL STATEMENTS ARE UNAUDITED AND WERE NOT REVIEWED BY AN AUDITOR

8. Share capital

Authorized Unlimited number of Class A voting common shares.

Unlimited number of Class B shares, non-voting, non-participating, redeemable at the option of the Company if the shareholder fails to fully pay for shares, fails to exercise share purchase options, or if the shareholder causes the corporation to have its rights under any license agreement terminated.

Unlimited number of Class C shares without nominal or par value, non-voting, and non-redeemable.

		December 31 2021	December 31 2020	September 30 2021
Issued				
		\$	\$	\$
Common shares				
7,551,147	Class A common shares (2019 – 7,551,147)	12,109,827	12,109,827	12,109,827
2,118,000	Class B series 1 shares (2019 – 2,118,000)	468,001	468,001	468,001
		12,577,828	12,577,828	12,577,828

There were no share transactions through treasury for the three-month periods ended December 31, 2021 and December 31, 2020. There was also no share transaction that occurred with shares outside of treasury during either the three-month period in 2021 or the same three-month period in 2020.

9. Interest in joint ventures

The Company, through a wholly owned subsidiary, has an investment in a joint venture, Meridian Seeds LLC, in which it shares 50% control. Investments in this company which are subject to joint control are accounted for using the equity method.

The following amounts represent the results and financial position of Meridian Seeds LLC for the three months ended December 31, 2021 and 2020. The amounts below are in US dollars.

	2021	2020
	\$	\$
Current Assets	1,075,550	726,943
Long-term Assets	161,115	269,477
Current Liabilities	636,520	172,949
Revenues	253,316	6,008
Expenses	423,580	219,898
Net Loss	(170,264)	(213,890)
Cash provided by (used in) operating activities	(77,870)	(336,186)
Cash provided by (used in) investing and financing activities	186,283	135,240

The Company has a wholly owned subsidiary, CANTERRA SEEDS USA LTD. whose investment in Meridian Seeds, LLC, a U.S. Limited Liability Corporation is a 50% joint venture interest. These numbers are converted to Canadian \$.

	2021	2020
	\$	\$
Investment in CANTERRA SEEDS USA LTD.	423,018	579,763

The Company has planned to sell its share in Meridian Seeds, LLC. As such this investment has been set up as an asset held for sale on the statement of financial position.

The Company also owns a 30% investment in Limagrain Cereals Research Canada, a cereal breeding and development partnership located in Saskatoon, Saskatchewan. Investments in this company, which are subject to joint control, are accounted for using the equity method.

CANTERRA SEEDS Holdings Ltd.
Consolidated Statements of Cash Flows
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The following amount represent the results and financial position of Limagrain Cereals Research Canada for the three months ended December 31, 2021 and 2020. The amounts below are in in Canadian dollars.

	2021	2020
	\$	\$
Current Assets	2,861,949	1,215,719
Long-term Assets	1,536,145	1,962,151
Current Liabilities	317,854	423,564
Revenues	20,670	(125)
Expenses	447,362	566,867
Net Loss	(426,692)	(566,992)
Cash provided by (used in) operating activities	(211,157)	(456,584)
Cash provided by (used in) investing and financing activities	(63,253)	(179,728)

Limagrain Cereals Research Canada is Canadian limited partnership and a 30% joint venture interest.

	2020	2019
	\$	\$
Investment in Limagrain Cereals Research Canada	1,299,489	901,708

10. Earnings per share

The basic income per share has been calculated based upon the weighted average number of shares outstanding during the three-month period ended December 31, 2021 of 7,551,147 (2020 – 7,551,147).

11. Commitments

The Company is involved in various legal matters arising in the ordinary course of business. The resolution of these matters is not expected to have a material effect on the Company's financial position, results of operations or cash flows.

Director and officer indemnification

The Company indemnifies its directors and officers against all claims or losses reasonably incurred in the performance of their service to the Company to the extent permitted by law.

12. Capital management

A wholly owned subsidiary of the Company has externally imposed capital requirements as governed through its bank credit facilities. As at December 31, 2021 the Company is not in default of these capital requirements and is in good standing in its dealings with its bank.

13. Related party transactions

Certain shareholders have had transactions with the Company for the purchase and sale of seed and seed products. These transactions were in the normal course of business and were recorded at their exchange amount.



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